



Internationalization and the dynamics of product adaptation: The Case of Parfois.

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Dissertation

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Short Biographic note

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Abstract

The globalization creates huge challenge for the contemporary companies, which intent to develop their activities in foreign markets. As the countries differ, the companies need to decide whether to adapt the product to the local needs or to develop exactly the same product all over the world. The right balance is difficult to be achieved.

The purpose of this study is to identify and understand the amount and types of changes required on a product due to the socio-cultural differences and understand its importance in the internationalization of companies. We focus on the product level, trying to understand which socio-cultural factors and dimensions may demand adaptations on the product and what physical characteristics of the product suffer such adaptations, to identify the motivation of firms to adapt (or not adapt) their products for export markets and to perceive the performance implications of adapting products.

We studied the case of the products of Parfois, a Portuguese company producing women's fashion accessories. We found that for the Middle East region, the socio-cultural factor most influencing changes on product was religion, followed by tastes/preferences. The less influential factors are climate and physiology. The results for Eastern Europe differ from the Arab region, among socio-cultural factors, the less influencing on product adaptation is religion and the more influential are tastes and preferences followed by socio-economical factor and climate. The most modified product characteristic is composition/materials, followed by functionality/shape and colour. The less modified characteristics were size and design. In both regions the main adaptations were made in form of line extensions, where colours, materials, shapes and features were added or removed. The success rate of the adapted product in both studied regions has increased.

This study contributes to overtake the existing inconsistencies concerning the motivation for and against adaptation and provide companies' decision makers with important information on how they should promote their products.

Key-words: internationalization, product adaptation, culture, exports, *marketing mix*

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1. Introduction

According to Tantong *et al.* (2010), the globalization creates both opportunities and difficulties for international companies. Today companies operate in conditions of intensifying competition, development of technology and global crisis – they try to find the right balance between global efficiency achieving economies of scale on one hand, and are pressured to meet the goal of local responsiveness, in order to better fit the customer's needs on another hand (Gupta and Govindarajan, 2001; Ghemawat and Cassiman, 2007; Nasir and Altinbasak, 2009; Powers and Loyka, 2010). For achieving economies of scale, the better option is the product standardization policy, but with the weakness of, possibly, not satisfying the customers in a cultural different country. On the other side firms may choose to modify, or to adapt, the physical characteristics or attributes of a product and its packaging to fit the needs and desires of consumers in different countries, but this increases development, manufacturing, marketing, packaging, and distribution costs (Calantone *et al.*, 2004). The balance between those two kinds of costs should drive to a strategy where the adapted product adds enough incremental revenue (through increased sales due to better satisfying customer needs and wants) where the additional manufacturing and marketing costs resulting from adapting the product are compensated (Calantone *et al.*, 2004).

Though product adaptation is a core aspect of international marketing strategy, little research has investigated modifying the physical product and packaging to adapt to different cultures (Calantone *et al.*, 2004). The majority of the studies on product adaptation highlight the changes required on a product due to the cultural differences but do not focus on the motivation to do this adaptation and to measure the performance implications of adapting products (Calantone *et al.*, 2004, Horská *et al.*, 2007). Furthermore, given that some studies (Calantone *et al.*, 2004; Tantong *et al.*, 2010; Lishchenko *et al.*, 2011) indicate the existence of several socio-cultural factors that affect product adaptation, it is crucial to understand the relative weight of each together with relative weight of each product's physical characteristic modified and identify the impact on the company export performance.

The main goal of this study is to understand what kind of adaptations can be required on product, what socio-cultural variables can affect the decision of adaptation, what is the weight of each variable in the decision of adaptation and how does the adaptation impact on product and firm performance. This study contributes to overtake the existing inconsistencies

concerning the motivation for and against adaptation and provide companies' decision makers with important information on how they should promote their products.

In order to fulfil this objective, an exhaustive literature review is done with the purpose of learning more about similar cases and about the internationalization process and strategies and the elements making part of the *marketing mix* and the product adaptation strategies. Then, using the case of Parfois Company, we do an empirical analysis in order to understand this situation, using an experience of this Portuguese company in some developing economies.

This report is organized as follow: besides this introduction, in Chapter 2 we explain the theoretical framework, review the relevant literature on similar studies, on the factors affecting standardization vs. adaptation decision, its determinants and adaptation/standardization theories, on *marketing mix* elements and on internationalization strategies aiming to describe concepts relevant to our study and uncover the main gap of literature. In Chapter 3, we describe the undertaken methodology, the company selection and data gathering procedures. Chapter 4 presents the results and it is discussed the international marketing strategy of Parfois, as well as the possible impact of adaptation in the company's performance. Finally the conclusions, main limitations of the study and future study considerations are summarized in Chapter 5.

2. Internationalization and product adaptation: a Literature Review

In this chapter, a literature review on the topics regarding the two main strategies related to product adaptation, emphasising socio-cultural differences is done. The chapter is divided in five parts. In Section 2.1., the standardization and adaptation concepts are presented and discussed, followed by the strategic fit strategy in Section 2.2.. Then the relationship between the international marketing strategy and the profitability is discussed (Section 2.3.) and, then in Section 2.4., the cultural frameworks are shown and debated. The chapter ends discussing the *marketing mix* elements and presenting a summary of some studies that research empirically these strategies.

Each company decides the desired scale of internationalization. The more firm wants to achieve economies of scale worldwide, the more global its strategy will be. Trying to attain economies of scale, companies face not only geographical, but also other types of psychic borders (Ghemawat, 2007). That's why many firms begin their internationalization in close, in terms of psychic distance, markets. In the process of internationalization, these firms acquire more knowledge about specific markets, gain experience and then gradually expand its international presence in more distant markets. The other type of companies, frequently called "born globals" also receives a lot of interest from researchers. These companies expand into a large number of foreign markets. As far as the presence in large number of markets makes adaptation of marketing strategy costly and inefficient, not having sufficient recourses, they normally adapt the global strategy, which means applying a uniform marketing strategy worldwide (Dow and Larimo, 2009). Thus, some studies suggest, that "born globals" adopt standardization strategy more frequently than traditional internationalizers (Dow and Larimo, 2009; Gabrielsson *et al.*, 2012).

2.1. Standardization and adaptation concepts

Before discussing the proper factors affecting global marketing strategy, it is important to present how the concepts of standardization and adaptation are seen by some researchers and in what these strategies consist. It is common among some scientists to define, that companies have four basic choices in the way they internationalize their product (Czinkota and Ronkainen, 2005). They are:

1. To sell the same domestic product everywhere without any changes (standardization);
2. To make changes and adjustments on already existing product for some or all the markets (adaptation – line extension);
3. To create completely new product for foreign markets (adaptation – new product development);
4. To develop the product with characteristics adjustable to the majority of markets and sell it globally (adaptation).

Standardization is the degree to which firms apply common *marketing mix*¹ variables across national markets (Schilke *et al.*, 2009). It means selling essentially the same product in all markets. At the other extreme, product adaptation refers to the degree to which the physical characteristics or attributes of a product and its packaging differs across national markets (Cavusgil and Kirpalani, 1993). The debate whether to standardize a *marketing mix* around the world or adapt it to the local conditions has been continuing for more than five decades (Horská *et al.*, 2007, Nasir and Altinbasak, 2009). Both, advantages and disadvantages of adaptation have been broadly discussed (Powers and Loyka, 2010).

Virvilaite *et al.* (2011) point out that a lot of theoretical research has been done on factors influencing the choice of international marketing strategy.

The factors favouring adaptation were summarized by many authors (e.g. Cavusgil and Kirpalani, 1993, Nasir and Altinbasak, 2009) and are gathered in Table 1, presented below.

Advantages of each strategy regarding product	
Standardization	Adaptation
Production / economies of scale	Gain loyalty of customer, satisfying better their needs and meet differences in countries concerning: <ul style="list-style-type: none"> - Stage of development - Consumer tastes and needs - Socio-cultural differences - Physical environment - Technology
Markets in research and development	
Stock management cost reduction	
Consumer mobility	
Worldwide uniformity / image consistency	
Improved planning and control	
Synergetic effect	Meet legal standards required

Table 1. Advantages of standardization vs. adaptation strategies

Source: Own elaboration, summarized from studies discussed

¹ *Marketing mix* is a group of elements that were firstly proposed by McCarthy in 1975, and are: product, price, promotion and distribution

Various firms' internal and external factors influence the degree of standardization/adaptation at multiple levels (Cavusgil and Kirpalani, 1993; Leonidou *et al.* 2002, Theodosiou and Leonidou, 2003). Adaptation can be obligatory, when the products need to meet the standards and regulations of a specific country, or optional - proactive adaptation to the specific tastes and preferences of the consumers (Calantone *et al.*, 2004; Nasir and Altinbasak, 2009; Powers and Loyka, 2010).

Generally, adaptation/standardization strategies are seen as a mediator between its internal and external factors and export performance (Leonidou *et al.*, 2002; Zaaïem and Zghidi, 2011).

2.1.1. Internal firm's characteristics

Internal firm's characteristics (size, experience, degree of internationalization, degree of centralization, organizational structure and its culture, managerial background, resource availability and company's strategy, long-term goals, ethnocentric, geocentric or polycentric orientation among others) constitute internal factors that affect its international marketing strategy. Orientation of the firm towards its international markets plays an important role on its marketing strategy. Ethnocentrically oriented firms apply the same operations everywhere as for the home market, ignoring any specific needs of any foreign market. Polycentrically oriented firms recognize the differences in markets and identify the needs of each market and design their operations properly for each market (Tantong *et al.*, 2010). Companies with geocentric orientation see the world as potential market, recognizing regional differences without taking into consideration national boundaries, normally they offer their product universally with only some superficial adaptations (Tantong *et al.*, 2010).

Accordingly Barney's (1991) resource-based view of firm and Bain's (1956) industrial organization-based theory, internal characteristics of the firm influence product adaptation strategy and export performance. There are studies that confirm that the openness to innovation facilitates the product adaptation strategy (Cavusgil and Kirpalani, 1993; Leonidou *et al.*, 2002; Calantone *et al.* 2006); that large firms have more propensity for standardization (Schilke *et al.*, 2009); and that centralized culture, for example, is often linked to the standardization strategy. There are also studies that suggest that human resource management practices can be a critical factor in strategy implementation. Managers with bigger international experience know better and they are better able to analyse the market situation, customer needs, alternative distribution channels and they are better able to plan the potential

or needed adaptations to various *marketing mix* elements. (Cavusgil and Kirpalani, 1993; Leonidou *et al.*, 2002).

It was even discussed the immigrant effect associated with immigrant managers whose characteristics are likely to be valuable, rare, and unique and therefore can create a competitive advantage that competitors are not likely to imitate by understanding of foreign markets and thus facilitates implementation of foreign marketing strategies (Chung *et al.* 2012). The importance is also given to such factors like international experience of the firm, long-term goals and dependence on export activities, which affect product adaptation strategy positively (the more firm is depend on export activities, the more active in product adaptation it is, because it tries to satisfy its clients by adapting to fit the potential customers) (Cavusgil and Kirpalani, 1993; Leonidou *et al.*, 2002; Calantone *et al.*, 2006; Dow and Larimo, 2009).

Table 2 summarizes the internal factors and their implications in adaptation versus standardization strategy.

Internal factors	Expected result on:	
	Adaptation	Standardization
Size	Small	Large
International Experience	Big	Little
Degree of internationalization	High	Low
Degree of centralization		Centralized
Managerial experience and motivation	Market knowledge & sensibility	—
Resource availability	x	x
Company's strategy	Geocentric, polycentric	Ethnocentric, regiocentric
Long-term goals	Long-term	Short-term
Openness to innovation	Innovative product	Common
Dependence on export activities	Dependent	-----
Number of target countries	Big	Small

Table 2. Internal factors and impacts on adaptation vs. standardization

Source: Own elaboration based on Theodosiou and Leonidou, 2003, Dow and Larimo (2009), Schilke et al. (2009), Tantong et al. (2010) and Chung et al. (2012)

As we can see from this review, literature supports the argument that perceived differences among home country and host country influence strategic decisions. At the same time several authors argued that it's risky to rely on this managerial factor, because it depends on management's perceptions of the extent to which various cultures are different or similar and

the danger of underestimation and overestimation of cultural differences exists (Cavusgil and Kirpalani, 1993; Theodosiou and Leonidou, 2003).

At the same time, it's argued that the more extensive knowledge firm acquires about the market, the more likely it is to commit to it, gathering more market knowledge and gaining more experience on it and taking more effective marketing decisions. Market knowledge is important in identifying possible threats and opportunities (Theodosiou and Leonidou, 2003).

The number of target countries is also seen as a factor influencing marketing strategy, by those authors who believe that the more concentrated the sales of the company are on a few markets, the more standardized the *marketing mix* elements of the company are in order to save costs and achieve economies of scale (Dow and Larimo, 2009).

2.1.2. External environment

As far as countries are different in their historical development, geographical position, natural conditions, religion, politics, as well as economic, social and demographic structure, lots of external factors, which surround target customers and cannot be controlled by the companies, affect the decision on standardization or adaptation of product for a given market (Horská *et al.*, 2007; Nasir and Altinbasak, 2009). External variables are also related to the industry competitiveness, business environments and product characteristics (Leonidou *et al.*, 2002).

Several authors argued that due to the market similarities (when export market has cultural, political, legal, economic similarities), firms have more information about the market and it may be an advantage in communicating with local consumers and governments. They have lower negotiations and operating costs, therefore they can have higher export performance and less action in product adaptation (Cavusgil and Kirpalani, 1993; Leonidou *et al.* 2002; Calantone *et al.*, 2006).

The influence of the environment and culture (where consumer is placed) on consumer's needs and expectations (and therefore product perception and expected benefits) has a huge support in literature (e.g. Nasir and Altinbasak, 2009). In this context the importance given to distinct attributes of the same product vary as well.

From the product point of view, the product's nature, its characteristics and attributes, its usage (which is influenced by the consumer's behaviour), its type (industrial or not; durable or not) and its life cycle affect the decision of standardization/adaptation and are affected by this decision at the same time (Cavusgil and Kirpalani, 1993). The same product could occupy

in its life cycle different stages in different markets (in the mature stage in one country and just in growth in another), what could imply the need for the adaptation of marketing strategy (Vrontis and Vronti, 2004). Several studies have concluded that industrial products have a bigger tendency for standardization (Cavusgil and Kirpalani, 1993; Waheeduzzaman and Dube, 2004). They also have found a positive relation between uniqueness of the product and level of adaptation – the most unique products are more standardized). Also, technologically advanced industries normally opt for standardization (Waheeduzzaman and Dube, 2004).

From the point of view of competition as factor influencing marketing strategy, the intensity of industry competition in both home and host country market influences the decision about the adaptation/standardization - the higher pressure for standardization from competitors is, the more likely the standardization in company will occur (Waheeduzzaman and Dube, 2004).

As highly influencing any society, economic environment involves financial and monetary systems and has direct impact on consumption, on buying capacity and on demand for goods and services. Indirectly, it affects an overall economic development (including literacy, modernization, marketing infrastructure). The standardization is more possible within the countries with the same level of economic development. A country's infrastructures (e.g., transportation) would also influence the standardization/adaptation decision of the firm (Waheeduzzaman and Dube, 2004).

Political and legal environment, created by the host governments can impose some restrictions and obligate to follow them. These restrictions include industry regulations, pricing, product safety laws, restrictions on product ingredients, local content laws, patent and proprietary rights, export-import controls, financial controls, and environmental restrictions. Normally, favourable regulations give more opportunity for standardization, when unfavourable regulations impose obligatory adaptation (Waheeduzzaman and Dube, 2004).

Dow and Larimo (2009) have partly supported the hypothesis that the number of customers in target country influences international marketing strategy as well stating that the high number of customers in target country leads the preference for adapted *marketing mix* strategies than low number customers and that the more important the market is, the more adapted *marketing mix* strategy is.

Socio-cultural environment is very complex, multidimensional and multi-disciplinary object of study as far as society is influenced by all type of conditions it belongs to.

Accordingly, to Hofstede (1988) culture is defined as “collective mental programmes”, shared by a group of people; these programmes differ from one group to another. These differences increase the liability of foreignness or the difficulties that the investing firms should overcome when it seeks to develop its activities in a new country (López-Duarte and Vidal-Suárez, 2010). Consumers’ divergence in tastes and habits, preferences that vary among the different local cultures, is among the main obstacles for standardization (Nasir and Altinbasak, 2009).

The cultural convergence, as the part of globalization process, is another frequently discussed theme. It’s argued by some authors that it leads to standardization, due to the homogenization of tastes and preferences. According to Schilke *et al.* (2009), among the most prominent proponents of standardization is Levitt (1983), who argues that technological advancements have diminished cultural differences across countries and thus make a globally standardized marketing strategy the perfect option to achieve worldwide economies of scale.

Correct market_segmentation is a difficult issue as far as segmentation cannot be done on the country level. Vrontis and Vronti (2004) divide micro and macro levels of segmentation, referring as belonging to macro level economic, technological, geographic and political issues, and to micro level – lifestyles, attitudes, tastes and preferences. Because similar markets with similar needs and consumption behaviours can be found across different countries, it may exist some opportunities for standardization. At the same time some researchers suggest that consumers within individual countries become more culturally heterogeneous (Carpenter *et al.*, 2012).

The external factors discussed above are summarized in the table below (Table 3):

External factors	Expected result on:	
	Adaptation	Standardization
Market similarities	Different	Similar
Product nature (industrial product)	Consumer product	Industrial product
Product nature (durable product)	Non-durable	Durable
Product life-cycle	Different	Homogenous
Intensity of industry competition	Low	Intensive
Economic development	Different level	Same stage
Political and legal restrictions	Specific local requirement	x
Cultural convergence	Specific local tastes, preferences	x
Competition	Local competition / strong	Global competition/ weak
Market size	Larger markets	Smaller markets

Table 3. External factors and impacts on adaptation vs. standardization

Source: Own elaboration based on studies discussed.

2.2. Strategic fit

There is still no right strategy that could fit anyone, because each firm has to consider both internal and external forces, which affect its activity. Recent studies emphasize the importance of a “strategic fit” between marketing strategy and environmental on one side, and internal factors, on the other, which can result in superior performance (Virvilaite *et al.*, 2011; Gabrielsson *et al.*, 2012).

As many authors refer, standardization and adaptation should be seen as two extremes of the same continuum, within which alternatives could be found (Cavusgil and Kirpalani, 1993; Vrontis *et al.*, 2009). This two polarized positions can perfectly coexist in the same company even within the same product line (Vrontis *et al.*, 2009) and neither complete standardization, nor complete adaptation is possible (Jain, 1989; Akaah 1991; Cavusgil and Kirpalani, 1993). The challenge for the international firm is to determine which specific strategy elements are feasible or desirable to adapt, under what conditions and to what degree (Dow and Larimo, 2009).

2.3. International marketing strategy and profitability

Many studies show that the primary goals of standardization or adaptation are to gain competitive advantage and to improve the performance, which can be measured in terms of

sales, market share, profit, assets turnover, etc. (e.g. Calantone *et al.*, 2004; Powers and Loyka, 2010). The positive association between the level of adaptation and profitability was found by some authors, who argue that the better product fits to the customers' needs, the more value it creates to them and, therefore, the higher revenues firm generates (Zou and Cavusgil, 2002; Calantone *et al.*, 2004; Horská *et al.*, 2007; Boztepe, 2007; Powers and Loyka, 2010; Lishchenko *et al.*, 2011). Thus, adaptation can give sustained competitive advantage to the firm. But some other researchers have concluded that there is a negative relationship between the level of adaptation and the profitability (Calantone *et al.*, 2004). However, there is still no *consensus* whether standardization or adaptation of *marketing mix* will increase the performance (Nasir and Altinbasak, 2009).

Generally, companies' performance is a complex theoretical construct, which is influenced by innumerable factors and there is a lack of uniformity and consistence in definition and measurement of performance (Sadiq-Sohail and Alashban, 2009). There are different approaches to assessment of the performance of a firm in literature: financial, sales volume, profitability, market share, strategic, satisfaction with the performance and even number of loyal consumers (Virvilaite *et al.*, 2011). Satisfaction with the company's performance is also complicated to be measured and depends on a company's goal and objectives set. Different companies may see the same result as success or failure at the same time, therefore generalizations cannot be done by scientists based on this variable (Virvilaite *et al.*, 2011).

At the same time, Moore *et al.* (2010) state that the most efficient mean of accessing the efficiency of alternative marketing strategy and measuring performance results in financial terms is the analysis of the value created by the company during a certain defined period of time.

2.4. Cultural frameworks

As it was discussed before, the concept of culture is very wide and complex and is studied within different sciences, therefore there are many different points of view from which this concept is seen and analysed. We will see some of the relevant models and frameworks.

2.4.1. Iceberg analogy

In the iceberg analogy, Hollensen (2008) tries to explain that not all of the components of culture are visible and can be seen, heard or touched. Architecture, behaviours, language, religion, education, aesthetics, music and food are examples of the visible face of culture.

There are also elements that are invisible but equally important for understanding the customers' fundamental needs, like values, norms, beliefs, social morals, etc. (Ghemawat, 2007). Ghemawat (2007) sees the visible indicators as objective ones. Figure 1 presents the visible and less visible indicators of culture.

The iceberg analogy shows that in order to satisfy fundamental needs of customers, international marketers need to study carefully both visible and invisible elements of their local culture (Hollensen, 2008). At the same time it shows how difficult and complex the culture concept is and how difficult it is for marketers to make conclusions about its manifestations.



Figure 1. Iceberg analogy – Visible and less visible indicators of culture

Source: Hollensen (2008)

2.4.2. Cultural dimensions

Among other studies on cultural differences, some famous frameworks were developed to help characterizing and describing cultures through different dimensions that are basic concepts helping us understand the degree to which cultures differ from each other. (Hollensen, 2008). Geert Hofstede, Edward T. Hall, Fons Trompenaars among others dedicated themselves to research of cultural differences (Hofstede and Regout, 1996). The models proposed by these researchers and the dimensions included in each one are described in Table 4.

Cultural dimensions models	
Author	Dimensions proposed
Geert Hofstede	Power Distance Individualism Uncertainty avoidance Masculinity Long Term Orientation
Edward T. Hall	Proxemics Polychronic/monochronic High/low context
Fons Trompenaars	Universalism vs. particularism Individualism vs. collectivism Neutral vs. emotional Specific vs. diffuse Achievement vs. ascription Sequential vs. synchronic Internal vs. external control Universalism vs. particularism Individualism vs. collectivism Neutral vs. emotional

Table 4. Hofstede, Hall and Fons Trompenaars' cultural dimensions models

Source: Hofstede and Regout (1996).

The weakness of these models is that they don't consider the existence of the differences and subgroups within the countries. Also Halls dimensions are more applicable in communication and Hofstede's dimensions are more adjusted to analyse and understand the managerial culture inside multinational company applying it mostly on human resources management (Hofstede and Regout, 1996). At the same time, not all the counties are yet categorized in accordance with these dimensions by authors and specialists. That's why it was decided not to use these dimensions in this study.

2.4.3. Socio-cultural factors

From another point of view, the socio-cultural characteristics of target consumers are recognized by many other authors as well as highly important factors, affecting international marketing strategy, because they influence decision both on a personal level and the level of society (Usunier *et al.*; 2009). The authors confirm that it's vital to know the socio-cultural

variables of target consumers which grow up under conditions and in the context of the local environmental that influence directly and indirectly the consumption behaviour. The more differences between countries exist, the more products should differ from the basic original.

Different authors distinguish different variables as important. Some try to group them into categories. The most cited variables are: language, religion, education, needs, values (individualism, materialism for example), habits, preferences, moral beliefs and aesthetics, (Waheeduzzaman and Dube, 2004; Czinkota and Ronkainen, 2005; Doole *et al.* 2006; Brei *et al.* 2011; Barbu and Meghişan, 2013). Other authors add variables as race, topography, occupations, disposable income, taxation and nationalism (Paliwoda, 1999; Usunier *et al.*, 2009; Strelau *et al.*, 2010). Brei *et al.* (2011) separate 4 main groups of elements of culture: language (written and spoken, nonverbal communication); institutions (education, attitudes, social organization); material culture (proximity, technology, aesthetics, material possessions) and symbolic culture (religion, customs and traditions). Climate is also a factor directly affecting consumers' behaviour.

For the company, which offers fashion products, which acceptance depends on consumer tastes, preferences, habits, incomes, social life style among other socio-cultural dimensions, these categories are of special interest.

2.5. Marketing mix

In accordance with Doole *et al.*, 2006, international marketing is defined as a process of management responsibility in identifying, anticipating and satisfying customer requirements across national boundaries. Though, companies need to take this responsibility on decisions in one or more variables of *marketing mix*.

As literature review shows, all of *marketing mix* elements, proposed by McCarthy in 1975 (product, price, promotion, distribution) by different degree could be affected by the standardization/adaptation strategy. The majority of studies are done on product and promotion. Few studies concentrate only in one *marketing mix* element; the majority uses more than one element in their research, and some of them investigate all the elements together (Lages *et al.*, 2008; Nasir and Altinbasak, 2009; Powers and Loyka, 2010). At the same time product, accordingly to the continuum of standardization and adaptation proposed by Doole and Lowe (2001), is the easiest element to standardize of all the *marketing mix* (Lages *et al.*; 2008).

2.5.1. Product

Product is defined as goods and services offered by company to the customers (Gwin, 2001). Each product is a bundle of attributes, including tangible and intangible goods (Doole *et al.*, 2006). Product includes physical objects, services, persons, places, organizations, ideas or mix of these entities. The client can be attracted not only by the physical tangible product by itself, but also by some of its intangible aspects as: quality, taste, smell, texture, options, physical design, physical features, labelling, service attributes, warranty offered, packaging or brand name (Doole *et al.*, 2006; Pasquaolotto and Ugalde, 2010; Brei *et al.*, 2011). Colour, size, shape, style, country of origin (Manu and Sriram, 1996), image, materials, durability and performance (Vrontis and Vronti 2004), usage pattern (Boztepe, 2007; Strelau *et al.*, 2010), and weight (Pasquaolotto and Ugalde, 2010) are other attributes of products. These authors suggest that the product is the heart of *marketing mix*, though it has to be attractive or appealing to the customers. But Urban and Hauser (1993), at the same time, defend that positioning is critical for a new product. Not only must a new product deliver the customer needs, but it must do so better than competition (Gwin, 2001).

It's needed to define which product attribute should be standardized and which adapted, because as we saw before, some of them could have different symbolic meaning in different societies. "According to Boztepe (2007), the product is always contextualized and there is no guarantee that the intension of designer will be recognized, much less respected, by users from another part of the world.

For example product quality is defined as a set of features and characteristics of a good or a service that determines its ability to satisfy needs (Johnson and Winchell, 1988). But the definition is not clear and a product that in one country is considered to be of high quality can be considered low quality in another country that can even be similar in terms of purchasing power and socio-economic characteristics (Cateora and Graham, 1999).

In accordance with observations of Boztepe (2007), normally adaptation on product design to local needs is not anticipate in advance, but occurs after the manifestation of a certain problem, which affects sales (Boztepe, 2007).

At the same time, the problem Boztepe (2007) has identified is that there are few methods helping to deal with complex issues like designing for foreign markets that need collaboration of anthropologists and social scientists, who "could develop an understanding of credible

explanation of human behaviour” because it’s not easy to relate complex and “broad information about culture to specific product aspect” (Boztepe, 2007, p. 2).

2.5.2. Boztepe’s framework (user-related adaptation)

According to Boztepe (2007), little attention is paid to user-related adaptation requirements, thus, Boztepe (2007) study how product can create a value for users in the new location.

The definition of “value” is not an easy task, because this concept can be taken both in terms of economic gains or/and moral standards. Boztepe (2007) refers to value as “practical or symbolic result created through user-product interaction” (p. 515). It outcomes from the experiences of users with the product and from their subjective interpretations of what constitutes “value”. Users in explaining value, refer to the adequacy of product properties to the needs raised in their local social context.

The identified elements of local context that influence user value are: local behaviours (daily routines, specific ways of doing things, etc.); meanings (symbols, rituals, beliefs, etc.) and systems (physical environment, technical systems interfacing product). Categories of “values” were identified as well: utility value (enabling the accomplishment of a physical or cognitive task); social significance value (helping to build reputation in given society); emotional value (affective benefits from the interaction, such as pleasure and fun) and spiritual value (spiritual benefits such as good luck, sacredness). The trade-off between different value categories can exist (Boztepe, 2007).

According to Figure 2, the types of adaptation are classified as:

1. Convenience adaptation: adaptation of the features that help increase capability to the local context (surrounding objects and systems) and avoid unpleasantness. Normally “convenient” is something practical, saving time and/or effort. In each country perception of what is convenient may differ.
2. Performance adaptation: it is normally done to improve the performance and efficiency in the local context. Typical elements considered are geographical factor and infra-structure.
3. Economy adaptation: it is done with the purpose of improving economic value of product, both at the point of purchase and in use (changing materials, for example).
4. Social significance and identity adaptation: it is necessary to create social outcome from the interaction with the product. The study should be done on the subject of what symbols of

impression and face-saving effect it can create. As Boztepe (2007) referred, people use goods as markers of their relative position in social nexus and can create symbols, used to obtain social prestige, achieve distinction from others or to belong to a specific social group. This can lead to the modification in any of aspects of product.

5. Pleasure adaptation: providing pleasant experience with product, linked with the local perception of aesthetics.

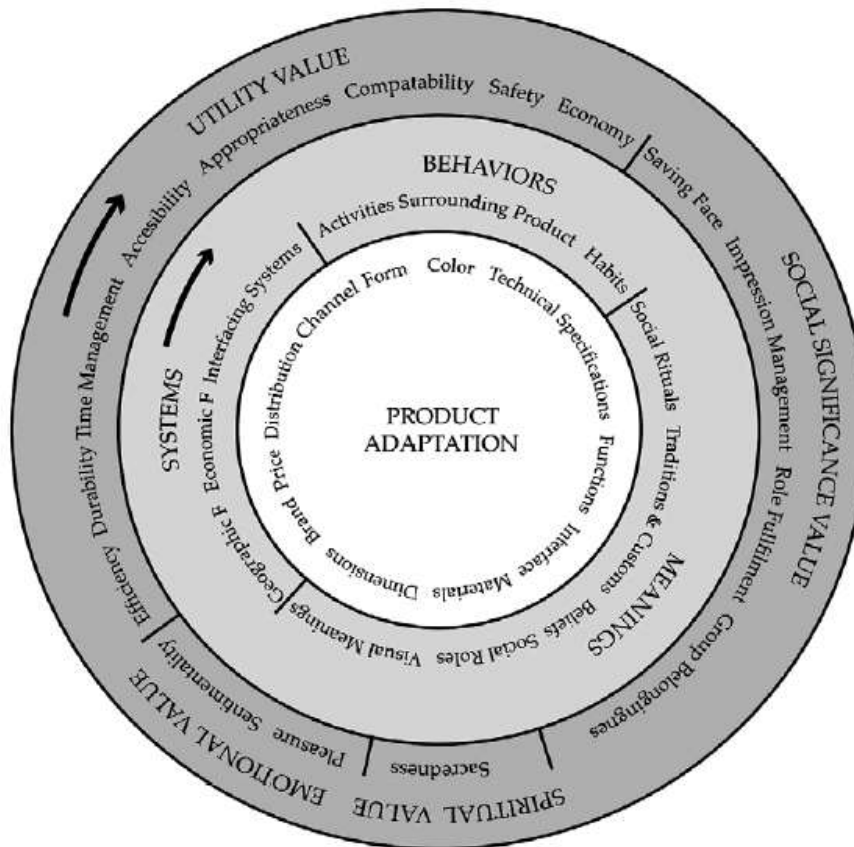


Figure 2. The interrelationship between user value categories, cultural factors and product properties

Source: Boztepe (2007)

Through analysing the type of target client (whether the product creates value for this client, what are the local elements that play a decisive role in each value category) firm can understand the dimensions of the product that need to be adapted in order to satisfy specific needs of customer. Creating value, the client could obtain value from the interaction with the product (Boztepe, 2007).

Table 5 summarizes the main studies about adaptation versus standardization strategies in several countries and industries. We can see that almost more than a half of the studies make adaptations in the 4 *marketing mix* elements. When making adaptations in only one element of *marketing mix*, it is on the product.

Type of adaptation	Industry	Country	Goal of Study	Method	Authors
Product (physical attributes and packaging)	Manufacturing	Southern Korea /USA	Motivation of firms to adapt the product due to external/internal conditions	Empirical test. Mail surveys, questionnaire	Calantone <i>et al.</i> /2004)
				CFA – confirmatory-factor analysis	
Product (packaging)	Furniture sector	Brazil	Product adaptation in internacionalization process	Multiple case study, interviews, documents analysis	Pasqualotto and Ugalde (2010)
Product level (design, brand, quality)	Different types	Thailand	Effect of product adaptation (design, brand, quality) and market orientation on export performance	Survey on managers, questionnaire	Tantong <i>et al.</i> (2010)
Product		Saudi Arabia	Analysis of product-market strategy and export perform	Empirical research, survey, multiple regression	Sadiq Sohail and Alashban (2009)
	Technology appliances	Netherlands	Roles of product appearance in consumer choice	Qualitative research, interview	Creusen and Schoormans (2005)
	Kitchen appliances	USA/ turkey	Product development for global markets user-value-based approach	Based on ethnographic studies	Boztepe (2007)
4 marketing mix elements	Different types	Finland	Degree of standardization/adaptation	Survey on managers, statistical method – T-test and ANOVA test	Dow and Larimo (2006)
		UK	Country of origin effect on adaptation/standardization	Deductive, inductive, questionnaire survey, statistical SPSS test.	Vrontis and Thrassou (2007)
	Food sector	Slovakia	Amount and type of changes required due to the geographical and cultural distance	Surveys, interviews	Horská <i>et al.</i> (2007)
		Brazil	Global marketing strategies dilemma in emerging economies.	Qualitative research – case study	Rocha and Silva (2011)
	Clothing manufacture	----	Degree of adaptation	Empirica observation	Vrontis and Vronti (2004)
	----	-----	Influence of external/internal environments on stand/adaptation	Literature review	Nasir and Altinbasak (2009)
	Consumer non-durable product	USA	Adaptation	Survey on managers	Powers and Loyka (2010)
	Design driven companies	----		Literature review	Lishchenko <i>et al.</i> (2011)

Table 5. Type of adaptation strategies in several studies.

Source: Own elaboration.

3. Methodological considerations

This chapter discusses the methodology followed in this research in order to fulfil the purpose of the study. It is divided in two main parts: the study framework is detailed in Section 3.1. and, in Section 3.2., the research strategy and data collection presented.

3.1. Study framework

In order to satisfy the aim of this research, the questions to answer are:

1. Which of the cultural dimension, seen in literature, require changes on product? Which product characteristics suffered more changes due to the socio-cultural factors (and its relative weight)? What are the factors that influence more changes on product (and its relative weight)?
2. What international marketing strategy did companies chose and what were the motivations for that?
3. Do the changes have implications on the company's performance (export performance)?

In accordance with the previous chapter, some cultural markers were chosen during the literature review (religion, traditions/ideology, tastes/preferences, climate, socio-economical, physiology) and they will be used in our study framework in order to understand how each of them influence some of the characteristics of product, such as color, size, functionality/shape, composition/material, design/image.

The framework proposed by Boztepe is the model selected to use in this research to describe the results. That's why more detailed depiction of this model is needed (Figure 3).

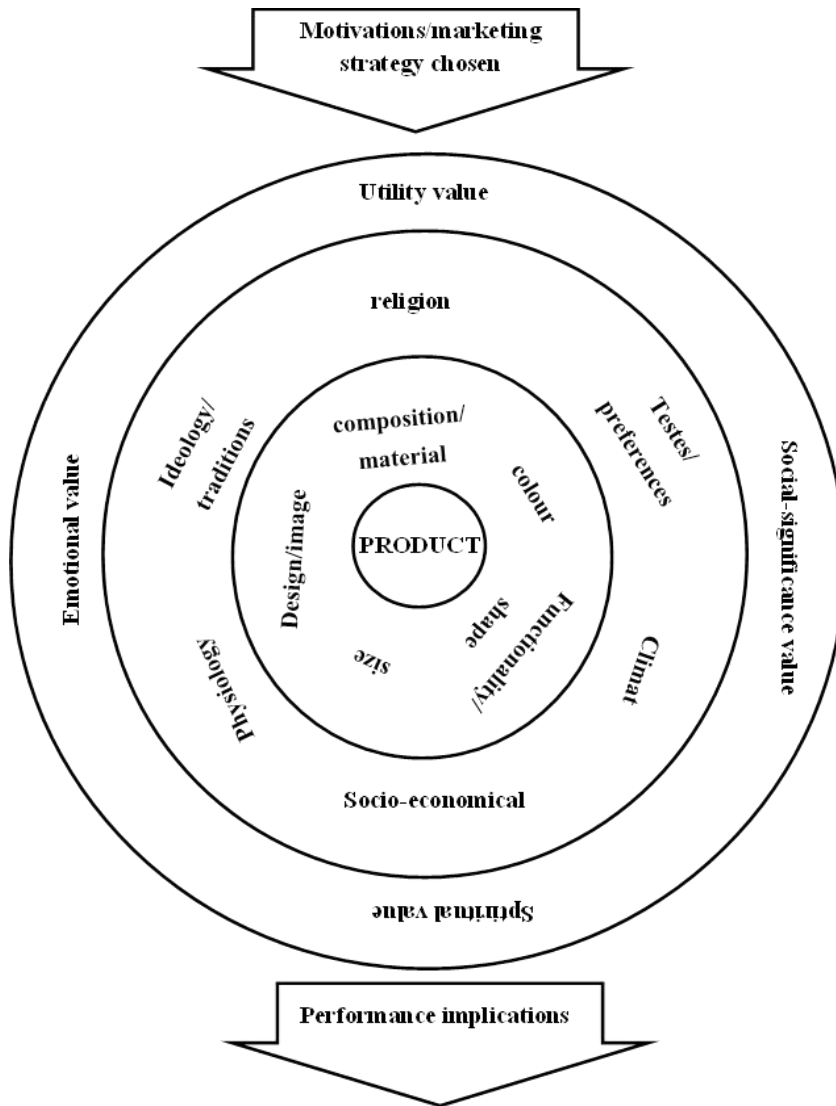


Figure 3. Boztepe's framework detailed

Source: Boztepe (2007)

3.2. Method specifications

Deductive approach is selected as suitable for this type of study. First literature review helps to create a theory and questions of the study. Then the data is collected and interpreted, after that, the questions formulated in the beginning are answered. Secondary data was collected and analyzed.

As it was shown in Table 5, the majority of them use mail surveys and interviews to collect primary data, the same approach was selected for this study.

Case study was chosen because it allows an empirical investigation on particular case within its real context of international firm, firstly because it lets analyze it deeply and to "confirm,

challenge, or extend the theory” (Yin, 2004) and secondly due to the access to the primary data of the firm. The limitation of this strategy is that the result could not be generalized (Yin, 2004).

3.2.1. Company selection and brief description

A case study firm is chosen inside the Portuguese fashion products and this firm should sell (and have stores) in culturally different countries. The three main criteria on selecting the case study firm to answer to the research questions are: belonging to Portuguese fashion products industry, selling to culturally distant countries and having several products in order to be able to analyze one of the strategies in discussion: to adapt or to standardize. The company selected was Parfois.

Parfois is a women’s fashion accessories brand, founded in 1994 in Oporto. The main focus of the company is lying on fashion and following of fashion trends. The brand’s vision is to be the best fashion accessories brand, wherever Parfois decides to operate. With this goal in mind Parfois offers: a huge trendy collection of accessories (designers’ team, based in Oporto and Barcelona create 3500 SKU’s – Stock Keeping Units – per season; every week the client finds novelties in the store); good relation quality/price; clear visual merchandising; excellent customer service. Due to this strategy Parfois up to July 2013 was able to open more than 420 stores in 42 countries, having more than 90 openings per year (the compound annual growth rate CAGR = 29%) and gain the loyalty of customers (70% of clients visit the store at least twice a month, 36% visit the store at least once a week). Near 60% of the stores are franchised. Own stores operate in Portugal, Spain, France and Poland.

The main two regions where Parfois has stores, besides European Union Countries, are Middle East and Easter Europe.

The first store in the Middle East was open in 2001 in Lebanon. Today 52 stores operate in the Middle East, most of them in Saudi Arabia, bringing 16,5% of the total sales of the company. There are stores in Lebanon, UAE, Kuwait, Saudi Arabia, Jordan, Bahrain, Oman, Qatar. All the stores are franchised.

Parfois started operating in the Easter Europe in 2007 with the opening of the store in Kiev Ukraine. Now it has 46 franchised stores in Romania, Ukraine, Russia, Lithuania, Bulgaria, Georgia, Armenia, which are responsible for 10% of sales of the company.

3.2.2. Data Collection

First gross selection of needed objects of study (sample selection: markets, ranges of product and other variables to be analyzed) was done by the mean of questionnaire survey, distributed to the market managers. Then, semi-structured face-to face interviews with pre-defined questions were conducted in order to gather deeply all the necessary information (pre-defined questions were modified during the interview in dependence with the response received).

To complete the information needed for the analysis, face-to-face interview was held with the General Manager of the company in order to understand the motivations, goals for the international marketing strategy chosen for the company and link this information with previously collected primary and theoretical data.

Numerical data necessary for analyzing the performance implications of marketing strategy were collected directly in the company's database.

After the markets (in which any adaptation of product was requested and done) had been selected, for each of these markets (separately by the range of product), the adaptation done to the product(s) was analyzed from the perspective of product dimensions and cultural factors. The relative weight of each of those variables were defined. Then information about success rate of that product were collected and crossed with the information about the volume of export of this range of product before and after adaptation in order to analyze performance implications. In Figure 4 it is depicted the steps done in conducting this research.

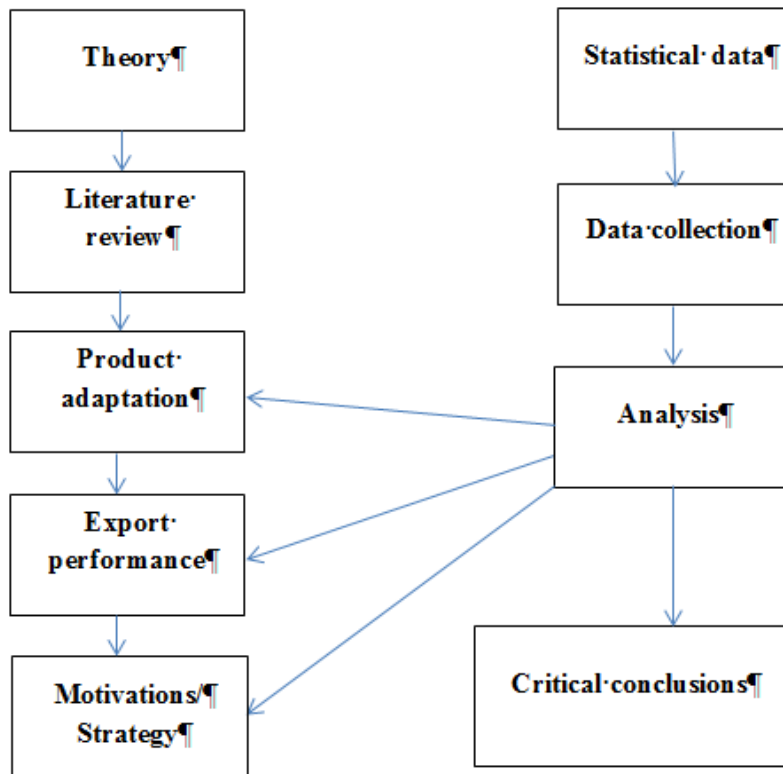


Figure 4. Methodology's steps

Source: Own elaboration

Each phase is, now, described in detail.

a) Questionnaire survey

Data collection started on March 27th till 30th of June with the distribution of questionnaires to all the market managers who work with international markets (9 persons). Market managers were chosen because they have the closest link with international markets. They work daily on the product level and make comments about the changes needed. All the market managers have high education in management, fashion management, international management or international economics. The information supplied by them was based on the comments on product they receive from the market (managers of the stores), on competition study and on personal and professional experience in the given market.

All the relevant terminology used (theoretical concepts) was explained to the market managers before the questionnaire was given.

The questionnaire was constituted by 14 questions. Almost all were open-answer and 3 questions have multiple choices (see complete answers in Appendix 1). In a short way, answers were:

Survey	
Question (topic)	Internal/External Factor Dimension/Author
Markets that the director manage	Market size
Professional or personal proximity with markets	Market similarities
Duration of the link with markets	----
Existence of changes in physical product in the markets he/she manage	----
Market requiring changes	----
Type of adaptation (modification in physical attributes of the product, creating of new product, line extension)	Strategic fit / Virvilaite <i>et al.</i> (2011); Gabrielson <i>et al.</i> (2012)
Range of products that suffered modifications (textiles, umbrellas, belts, watches, hair articles, footwear, handbags or jewelry)	----
Physical attributes in the product that were changed (quality, taste, smell, texture, options, physical design, physical features, labeling, service attributes, warranty offered, packaging, brand name, colour, size, shape, style, country of origin, image, materials, durability, performance usage pattern, weight)	Manu and Sriram (1996); Vrontis and Vronti (2004); Doole <i>et al.</i> (2006); Boztepe (2007); Pasquaolotto and Ugalde, (2010); Strelau <i>et al.</i> (2010); Pasquaolotto and Ugalde (2010); Brei <i>et al.</i> (2011);
Cultural and social factor that required that modification (language, religion, needs, habits, preferences, moral beliefs, race, topography, occupations, disposable income, taxation, nationalism, institutions (education, attitudes, social organization), material culture (proximity, technology, aesthetics, material possessions), symbolic culture (religion, customs and traditions, climate))	Paliwoda (1999); Usunier <i>et al.</i> (2009); Strelau <i>et al.</i> (2010); Brei <i>et al.</i> (2011)
How each of the dimensions requested those changes	----
These modifications were issued by the manager or by whom	----
The changes were introduced simultaneously or gradually	Strategic fit / Virvilaite <i>et al.</i> (2011); Gabrielson <i>et al.</i> (2012)
The motivation for introduction of adaptation	International marketing strategy and profitability / Cavulgil (2002); Calantone <i>et al.</i> (2004); Lishchenko <i>et al.</i> (2011)

Table 6. Questions of the survey, internal and external factors, dimensions and authors.

b) Semi-structured face-to-face interviews

To study the adaptation process of Parfois, two types of interviews were made: to the general manager of the company and to the markets managers, after the questionnaire has been analysed.

The interview with the general manager of the company was conducted to understand the motivations of the company, the factors that influenced and conducted to the choice of the selected international marketing strategy. It was held in May 2013 in Parfois headquarters. This interview was semi-structured with questions based on the external and internal factor and its impacts and expected results on adaptation and standardization (Tables 2 and 3) and on the cultural dimensions (Table 4).

After the analysis of the questionnaires, the interviews with market managers were held during the month of July. Interviews lasted about 30-40 minutes.

The markets managers without any adaptation made were left out of the second step of data collection. At the same time, some of the cultural dimensions that were agreed among market managers as difficult to understand and use, were left out as well. Some of other factors were adapted to be more relevant to our study.

With two market managers from Middle East and two market managers from Eastern Europe, the interviews were done on the basis of the questions from the questionnaire, asking them separately to explain interrelation between cultural factors and modifications made.

c) Database collected information

Information from internal database of Parfois was extracted regarding the success rate of the adapted collection and the sales volumes per store of each region. Success rate means the percentage of product sold before any sales promotion done and is calculated by formula $\text{sales}/(\text{sales}+\text{shipments})$.

In order to have more objective information, the period of analysis was chosen leaving apart sales periods, which could distort the picture. The periods analysed were,

1. for Middle East
 - SS13: 01.02.2013-01.07.2013 (when changes were introduced)
 - SS12: 01.02.2012-01.07.2012 (before changes had been introduced)

2. for Eastern Europe:

- FW12 01.08.2012-15.12.2012 (when changes were introduced)
- FW11 01.08.2011-15.12.2011(before changes had been introduced).

There were selected only comparable stores (only the stores that were open on both periods and any changes on them were made) – from 52 open stores in Middle East we analysed only 16 and from 46 stores open in Eastern Europe we analysed only 24.

4. Product adaptation at Parfois: data analysis and results

In this chapter, the results of the data gathering are presented and discussed. Section 4.1. describes how Parfois conducted its international marketing strategy. Then, in Section 4.2., its depicted the planning and production process of Parfois, followed by an analysis to the Middle East and Eastern Europe market adaptation strategies (Section 4.3.). The Boztepe's framework is then used to typify the studied markets value-based strategy (Section 4.4.). The Chapter ends with an analysis of the possible impact of adaptation in the company's performance (Section 4.5).

4.1. Factors affecting Parfois' international marketing strategy

The interview with the general manager of the company allow to conclude about the factors that affected (and are affecting) the international marketing strategy of Parfois.

Parfois is a design-driven company, from the first day of its existence, designer was hired. Design is considered one of the key competitive advantages of the company. Parfois actuate in fast-fashion industry, which means that it has to react rapidly, adapting the collection to the changing fashion trends. In addition, as fashion accessories are consumer goods, Parfois is a consumer-oriented company. It struggle to gain loyalty of customers, offering the right product at the right time and place in order to maintain their satisfaction with perceived and received value from interaction with product. Parfois sees it as important to show respect towards local culture, traditions and needs in order to create strong image and achieve leadership in that market. At the same time, as Parfois is experienced in international activities company (started its exporting activities in 1998), it is aware of differences existing among the consumers in different geographic zones, influenced by their different local contexts. But in the beginning of its internationalization process these differences were ignored.

As occur to many other companies analysed in the literature review (Table 5), Parfois in the beginning of internationalization process, started selling their goods in geographically and psychically close markets. These (relatively) similar markets were chosen, due to the convergence of tastes and preferences and did not request any adaptation. Parfois started its international route as ethnocentrically or regiocentrically orientated company, selling the same product everywhere.

When it started to cross the borders of European Union (where legal requirements were different from domestic ones), the process of adaptation started. It can be considered that the first adaptations Parfois has done used to have mandatory character due to the specific legislative requirements and were done mostly on labelling, packaging, distribution channels and on some communication (catalogues). Any voluntary adaptation on product was considered. But, at that time the experience of the firm was reduced, as well as resources (financial, human – lack of experienced managers). All the decisions were centralized (international franchisees didn't exist) and international scope was reduced and all these factors were not favouring adaptation strategy.

From other point of view, taking into account:

- the nature of the product (fashion accessories, which are consumer goods and have to satisfy the expectations of consumers), being consumer oriented;
- the relatively short lifecycle of the product, which can be unexpectedly different in the country that are in diverse stage of socio-economic development;
- the conditions of fast growing competition in the area of fashion accessories;
- the company dependence from export activities, and the pressure to satisfy the requirements of target markets (and being market oriented);
- the long-term development and international growth program with the aim of gaining bigger market share, reaching more segments of customers and leadership over competitors

the company understood that more advanced level of adaptation should start to be implemented.

But the main concerns of the company were related to the increase of the costs of manufacturing, distribution and stock management and the losing of brand consistency. It was decided, though, that product standardization strategy will be practiced generally, but starting to make some product adjustments. It would be done not for separate countries, but for the group of countries with similar environmental conditions that, along with the presence of brand, clearly demonstrated specific needs unsatisfied or insufficiently satisfied by the product placed in that markets (do the segmentation by region). Low level of satisfaction was discovered due to the low performance of some ranges of product and requirement/complaints

regarding lack or nonconformity of product expressed by local partners. At the same time, doing this gradual adaptation for the group of countries which bring significant percentage of revenues and represent great interest in terms of potential of market, the adaptation of the product for the group would not be as costly as only for one country due to bigger scale.

As company strongly believes, in order to decrease the risk of losing sales and opportunities, the participation of immigrant managers in the adaptation process is vital. These managers used to have cultural connection with country of origin or deep experience within the country/region of interest together with international experience and, therefore, have a specific sensibility to environmental issues and needs of that market.

There is a need to say that some minor adaptation existed before the decision on adaptation as a strategy, but these adaptations were done unconsciously. For the majority of markets, they were not registered, thus their success efficiency couldn't be measured.

The major adaptation started in considerable scale simultaneously for all the countries of each of the chosen region (Middle East, Easter Europe).

Though, Parfois have evolved from ethnocentric orientation into geocentric, aiming "Think global, act local". Company's goal is to communicate to its clients a consistent corporate and brand image across countries. The aim is to communicate the same message, recognizable all over the world (not only by the mean of communication, but also by clear merchandising, customer service and trendy product). It is recognized the need to understand who is our client in each target market, in what conditions and situations he uses the product and what product characteristics are more important to satisfy that customer needs in order to choose right product positioning in that (group of) market(s).

4.2. The planning and production process of Parfois

As Parfois is a fashion accessories brand, the seasonality exists – the product is planned, designed and produced for two seasons/collections (Fall-Winter e Spring-Summer). All the Parfois products are organized by ranges and sub-ranges. All the analytics are held in accordance with this division. The ranges are: textiles (hats, scarves, ponchos), umbrellas, belts, watches, hair articles, footwear, handbags and jewellery (rings, earrings, necklaces, bracelets, others). Our analysis is made on the "range" level. The information regarding changes needed is collected during the season and implemented in the next relative season

(e.g. information collected during the Fall-Winter of 2012 – FW12 is taken into account for FW13 collection).

4.3. Middle East and Eastern Europe market adaptation strategies

The Middle East and Eastern Europe markets' adaptation strategies were scrutinized based on the questionnaire answers that was constituted by 14 questions. The internal and external factors and the cultural dimensions were the base of the questionnaire building (depicted in Table 6).

Most of the questionnaires were finished on the fourth question with negative answer. The positive answers about the specific modifications made were collected only from 2 managers of Middle East counties (Bahrain, Jordan, Saudi Arabia, Kuwait, Qatar, Oman) and 2 managers of Eastern European countries (Russia, Romania, Ukraine, Kazakhstan).

The changes introduced were done for the group of countries (Middle East and Eastern Europe) though for each group simultaneously. It's also important to note, that the changes were made in the countries where managers had stronger cultural links (Middle East managers are Moroccans and one of them used to work in Jordan; Eastern Europe managers are Romanian and Russian/Ukrainian). The changes were introduced simultaneously for Middle East in SS13 (Spring-Summer 2013) and for Eastern Europe FW12 (Fall-Winter 2012). We will compare though for Middle East the periods SS13 01.02.2013-01.07.2013 (when changes were introduced) with SS12 01.02.2012-01.07.2012 (before changes are introduced) and for Eastern Europe FW12 01.08.2012-15.12.2012 (when changes were introduced) with FW11 01.08.2011-15.12.2011 (before changes are introduced). The periods of study were chosen with care, in order to not include sales periods that might influence numbers significantly.

The interviews, done to the managers that revealed an adaptation of the product to the market he manage, were done on the basis of the questions from the questionnaire, registering modifications made to the products and reasons for that.

4.3.1. Middle East market analysis

The analysis is made by registering the number of modifications (adaptations) made in the products, in which dimension of the product is made and which social cultural factor is in the origin of adaptation.

Table 7 depicts the quantities of changes made in each product characteristic in accordance with each socio-cultural factor.

Adapted characteristic	Socio-cultural factors							
	Religion	Traditions/ideology	Tastes/preferences	Climate	Socio-economical	Physiology	Total product characteristic	Weight of each product characteristic
Composition/Material	6	-	4	3	4	1	18	19%
Colour	8	6	6	2	4	-	26	28%
Size	8	4	3	1	4	4	24	26%
Functionality/shape	3	3	3	1	2	4	16	17%
Design/fashion	-	-	5	-	4	-	9	10%
Total sociocultural factor	25	13	21	7	18	9	93	
Weight of each sociocultural factor	27%	14%	23%	8%	19%	10%		

Table 7. Number of changes made in each dimension vs. socio-cultural factor

Ordering the results by importance of each factors and product characteristics, we can analyse the relative weight of every dimension. Table 8 shows it.

	Number of adaptations	Weight
Colour	26	28%
Size	24	26%
Composition/material	18	19%
Functionality/shape	16	17%
Design/image	9	10%
Religion	25	27%
Tastes/preferences	21	23%
Socio-economical	18	19%
Traditions/ideology	13	14%
Physiology	9	10%
Climate	7	8%

Table 8. Dimension and factors ordering (Middle East)

The data in Table 7 and Table 8 show that, for the Middle East, the most adapted physical product characteristic is colour and size with the weight of 28% and 26% on all adaptations, the less adapted characteristic is design/image (with 10%).

The socio-cultural factor most influencing changes on product is religion (27%) and tastes/preferences that come mostly from the traditional/background of society (23%) But the factor traditions/ideology by itself was not seen as very influencing, being responsible only for 14% of changes. Due to the lack of ethnographical background, market-managers are not able to discover and explain the relationship among traditions/history, ideology and tastes/preferences, that dominate in the region. The less influential factors are climate and physiology with 8% and 10% of weight respectively.

The main adaptations were made in form of line extensions, where colours, materials, shapes and/or elements were added or removed. Also specific Ramadan collection (including all the ranges) was created for Middle East respecting all the requirements of the region (resulting in new product creation).

4.3.2. Eastern Europe market analysis

Adapted characteristic	Socio-cultural factors							Weight of each product characteristic
	Religion	Traditions/ideology	Tastes/preferences	Climate	Socio-economical	Physiology	Total product characteristic	
Composition/Material	-	-	4	3	4	-	11	32%
Colour	-	2	5	-	-	-	7	21%
Size	-	-	3	-	1	1	5	15%
Functionality/shape	1	-	2	2	2	1	8	24%
Design/fashion	-	1	1	-	1	-	3	9%
Total sociocultural factor	1	3	15	5	8	2	34	
Weight of each sociocultural factor	3%	9%	44%	15%	24%	6%		

Table 9. Number of changes made in each dimension vs. socio-cultural factor (Eastern Europe)

By the order of importance of factors and product characteristics (Eastern Europe):

	Number of adaptations	Weight
Composition/material	11	32%
Functionality/shape	8	24%
Colour	7	21%
Size	5	15%
Design/image	3	9%
Tastes/preferences	15	44%
Socio-economical	8	24%
Climate	5	15%
Traditions/ideology	3	9%
Physiology	2	6%
Religion	1	3%

Table 10. Dimension and factors ordering (Eastern Europe)

As we can see from the table above, the results for Eastern Europe differ from the Arab region, among socio-cultural factors the less influencing on product adaptation is religion (responsible only for 3% of changes on product) and the more influential are tastes and preferences with 44% of weight, followed by socio-economical factor with 24% of weight and climate with weight of 15%. Traditions/ideology and physiology together weight only 15% on changes made.

Moreover, the most modified product characteristic is composition/materials with a weight of 32%. Other adapted characteristics are functionality/shape (with 24%), colour (21% of weight) and the less modified were size and design (with 15% and 9%, respectively).

Similarly with situation in Middle East, the main adaptations were made in form of line extensions, where colours, materials, shapes and features were added or removed. Also Winter specific collection (textiles, footwear) was created for Eastern Europe respecting all the requirements of the region (new product creation).

4.4. Middle East and Eastern Europe strategy in light of Boztepe's framework

Looking from another perspective, it will be introduced the Boztepe's framework (Boztepe, 2007) to analyse the results.

4.4.1. Middle East

In accordance with the typology of value-based adaptations, the purpose of changes introduced in Middle East in order to create value for customers were done as follows.

a) Performance adaptation together with convenience adaptation

It is mostly related with such socio-cultural factors as climate and physiology and socio-economical factor.

In order to make the usage of product more convenient and practical in local conditions and context, Parfois adapt, for example:

- Due to the climate, textiles are made mostly of natural materials with light and vivid colours because hot weather do not allow using synthetic black and dark colours on head due to the climate. Natural materials in most of the product ranges generally are seen as “healthy” and practical.
- Clients in this region need big scarves to cover the head due to the exigency of religion and traditions (small scarf will not cover the head). Consequently, simple, neutral and functional hair articles are needed, because hair is covered.
- Socio-economical institutions require, as well, same performance adaptation. For example, the line of coloured small scarves created especially for children to use in schools on different lessons (different colour per lesson); and due to the big families, that are common in the region, handbags should be adapted: bigger, with more divisions. Some of the common social practices make some of the product or part of it useless, for example, as they don't rely on banks system and women don't use credit cards and discount cards, they don't need cardholders and many divisions for cards in the wallets. Another example is, as they always leave small chain, they don't need chain-holders.
- Physiological properties of majority of local women (that are fat and heavy) demands adaptation of sizes (bigger sizes of belts, bracelets, footwear). The same reason impedes them from using crossover handbags. The footwear should be light, low-heeled.

b) Pleasure adaptations

Pleasure adaptations are done in order to provide client with pleasant experience from the contact with product, adapting it to local perceptions of aesthetics. As Muslim women use dark burka, they prefer to choose accessories in vivid, brilliant, shiny colours and materials. As religion says “big is good” and that they “need to show wealth they have”, they buy with pleasure massive jewellery, big watches with strass, golden shiny materials and noble materials (silk, skin, natural stones).

c) Social significance adaptations

The same adaptations mentioned before can be seen as social significance adaptations in order to “save the face” in the society showing wealth and buying expensive things. At the same time with the same purpose of face-saving, more restricted financially women like buying things that look more expensive, than they are and buy gladly pieces inspired by famous brands. The face-saving can be seen from another point of view as well – as the Muslim women should not demonstrate sexuality on public, in order to maintain her necessary image, they cannot use high-heeled footwear, crossover handbags, which emphasize the bust prints of women.

d) Economy adaptation

Due to the type of Parfois client in Middle East countries, who is sufficiently wealthy in order to not require adaptation with the purpose of price reduction, we can consider that economy adaptation was not done.

Table 11 specifies the kind (and the number) of adaptation done in each modification of product characteristic, in each cultural factor. The abbreviations used are: PA – performance adaptation; PLA – pleasure adaptation; CA – convenience adaptation, SSA – social significance adaptation and EA – economy adaptation (not needed in the Middle East case)

	Religion				Traditions/ ideology				Taste/ preferences				Climat				Socio-economical				Physiology				Total			
	PA	CA	PLA	SSA	PA	CA	PLA	SSA	PA	CA	PLA	SSA	PA	CA	PLA	SSA	PA	CA	PLA	SSA	PA	CA	PLA	SSA	PA	CA	PLA	SSA
Composition/ Material	1	0	5	6	0	0	0	0	0	1	4	1	2	0	0	0	0	0	5	5	1	1	0	0	2	2	14	12
Color	1	1	5	3	2	1	4	1	0	0	6	2	1	0	0	0	0	0	4	4	0	0	0	0	3	2	19	10
size	0	1	3	2	3	0	1	0	0	0	3	1	1	0	0	0	2	1	1	1	3	2	0	0	8	4	8	4
Functionality/ shape	1	1	0	3	1	1	0	2	1	0	2	0	1	1	0	0	2	1	0	0	4	2	0	0	9	5	2	5
Image/ fashion	0	0	0	0	0	0	0	0	0	0	4	4	0	0	0	0	0	0	4	4	0	0	0	0	0	0	8	8
Total	3	3	13	14	6	2	5	3	1	1	19	8	5	1	0	0	4	2	14	14	8	5	0	0	22	13	51	39

Table 11. Number of adaptation classified according to Boztepe's framework (Middle East)

This table allow us to conclude that the clients from Middle East require more frequently adaptation regarding the aesthetical aspect of product (Pleasure adaptation). The second one more frequent is Social significance adaptation, and less than 1/3 of adaptations are done due to the necessity of client to increase practical aspect of the product (Performance adaptation and Convenience adaptation).

4.4.2. Eastern Europe

In accordance with the typology of value-based adaptations, the purpose of changes introduced in Eastern Europe in order to create value for customers were done as follows.

a) Performance adaptation and Convenience adaptation

The most common type of adaptation required by customers are Performance adaptation and Convenience adaptation. It could be explained due to the socio-economical context of the consumer from Eastern Europe. Our "client" is women with low-medium income and that valorise durability and functionality in the product. That's why they prefer natural materials (leather, silk, natural stones), they don't like suede nor handbags with textile elements which are not practical. Moreover, natural materials are also needed due to the climacteric characteristics of the region, which have negative temperatures in winter, therefore accessories like textiles and footwear execute not only aesthetic function, but also their main function during the winter – warming. For this purpose synthetic materials are not helpful. Natural materials (wool, cotton) are needed. Climate conditions, obligating people to use thick overcoats force them, as well, to buy handbags with longer handlers.

Some social daily practices, as use of public transportation, which is very common among the customers of Parfois, creates a need to have some accessories practical and convenient, for

example, handbags should have zipper to avoid thefts, crossovers are preferred to liberate hands, wallets should have practical divisions in order to make it use easy with only one free hand, materials should be practical.

b) Economic type of adaptation

Due to the same reasons specifies before Economic type of adaptation is actual for this market. Cheap basic lines of product are successful and are developed in bigger variety in order to satisfy customers' request.

c) Pleasure adaptation

Due to historical, ideological and traditional backgrounds, some specific tastes and aesthetical preferences in that region were formed. The satisfaction of it helps to create additional value for the client by the mean of Pleasure adaptation. Some materials are rejected by the market, like metalized, leopard prints, varnish, ethnic and vintage look. They don't like black scarves which are not symbol of elegance, but remind of funeral events and are rejected for any other occasions. Once again, natural materials make experience with Parfois product more pleasant. Feminine small, shiny round watches preferred in the region were developed for the market. But generally speaking Parfois' client in Eastern Europe valorise brand for its own design and don't require significant changes on it.

d) Social Significance adaptation

Social Significance adaptation is also present and required in form of better materials, which give the look of more expensive product than it really is. Golden jewellery and watches are more popular based on the same reason.

Similarly to the previous market, Table 12 specifies the kind (and the number) of adaptation done in each modification of product characteristic, in each cultural factor, in the Eastern Europe case.

	Religion					Traditions/ ideology					Teste/ preferences					Climat					Socio-economical					Physiology					Total				
	P A	C A	PL A	SS A	E A	P A	C A	PL A	SS A	E A	P A	C A	PL A	SS A	E A	P A	C A	PL A	SS A	E A	P A	C A	PL A	SS A	E A	P A	C A	PL A	SS A	E A	PA	CA	PL A	SS A	EA
Compositio n/ Material												1	6	4		3	3				2	1			3						2	2	6	4	5
Color								2			1		3																		1	0	5	0	1
size											1		2								1	1				1	1				3	1	2	0	3
Functionali ty/ shape				1							1		2			2	2				2	2				1					3	3	2	0	3
Image/ fashion						1							1										1	1							1	0	2	1	2
Total	0	0	1	0	0	1	0	2	0	0	3	1	#	4	0	5	5	0	0	0	5	4	1	1	3	2	1	0	0	0	10	6	17	5	14

Table 12. Number of adaptation according to Boztepe's framework (Eastern Europe)

Differently from the other market analysis (Middle East), in the Eastern Europe, about 58% of all requirements for adaptation have practical and economical character. Other 33% of requirements are driven by the need for aesthetical satisfaction and only 10% are Social significance adaptations with the aim of creating needed social effect.

It should be noted that, the socio-cultural factors approach used to analyse the Parfois's international marketing strategy, as well as the value dimensions proposed by Boztepe are very vast multidimensional concepts and all the information, extracted from the questionnaire and interview could be seen, interpreted and related with those concepts in different ways. The analysis done is based on the sensibility market managers have towards the markets they manage, which resulted in certain product adaptation.

4.5. Impact of adaptations on performance

In this section we analyse the possible impact of adaptations on products performance.

Information from internal database of Parfois was extracted regarding the success rate of the adapted collection and the sales volumes per store of each region.

From 52 open stores in Middle East we analysed only 16 and from 46 stores open in Eastern Europe we analysed only 24. The range of product that has not suffered any changes was added to this analysis to have opportunity to compare performance of adapted and not adapted product during the same period of time. At the same time the performance of these ranges of product in Portugal during the studied period was seen as well, to make the comparison.

A lot of factors, which could influence the analysis, could not be controlled by the researcher. Factors like external market problems, the continuity and promptness of shipments, timing of

New season's collection entrance in the markets, the general quality of the collection, product variety, adequacy of market management among many other possible forces, were not taken into consideration

The tables are done and analysed at the region level.

Region	Range	success MESS12	success MESS13	success MESS13/SS12	success PT SS13/SS12	qty MESS13/SS12	qty PT SS13/SS12
Middle East	Textiles	87%	91%	4%	4%	36%	3%
	Hair Articles	60%	55%	-5%	4%	-31%	22%
	Jewelry	73%	77%	4%	6%	1%	1%
	Footwear	61%	80%	19%	-10%	-21%	-23%
	Handbags	83%	89%	6%	-6%	-10%	5%
	Belts	71%	79%	8%	19%	-11%	-50%
	Wallets	87%	90%	2%	1%	-12%	22%
	Watches	83%	86%	3%	-4%	0%	17%
	Sunglasses	69%	73%	3%	15%	18%	11%
Eastern Europe	Range	success EEFW11	success EEFW12	success EEFW12/FW11	success PT FW12/FW11	qty EEFW12/FW11	qty PT FW12/FW11
	Textiles	50%	59%	9%	3%	1%	10%
	Hair Articles	55%	53%	-1%	9%	-17%	-7%
	Jewelry	49%	58%	9%	5%	-6%	2%
	Footwear	50%	58%	7%	4%	-17%	-15%
	Handbags	62%	70%	8%	-1%	6%	-1%
	Belts	52%	56%	4%	-7%	25%	2%
	Wallets	59%	65%	7%	17%	-3%	-4%
	Watches	56%	68%	12%	-5%	8%	4%
	Sunglasses	48%	60%	12%	-3%	4%	7%

Table 13. Product performance in Middle East and Eastern Europe

The results we can see in the table above are not conclusive. From one side we see that the success rate of almost all adapted ranges (except hair articles) has increased in both groups of counties, but at the same time we see that the success of not adopted range has increased as well. In Portugal some of the ranges were not so successful, as in studied groups of countries (footwear, handbags, watches in comparison with Middle East and handbags, bets, watches for Eastern Europe). But in Portugal, sunglasses were not so successful as well, what can make conclude that other factors could influence the performance of the product in Portugal.

From another point of view, the quantities of adapted product sold in almost all ranges (hair articles, footwear, handbags, belts, wallets) was lower in the Middle East than the year before, when the product was not adapted. The quantity of not adapted sunglasses was higher. At the same time, Portugal has sold more product during the same period of time (apart from belts and footwear). Probably the quantities shipped to Middle East were lower that year, what increased the success rate and Portugal had more product at the same period, that the year before. When we compare the quantities sold in Eastern Europe and Portugal, almost the same

ranges were selling badly in both regions (hair articles, footwear, wallets), what can make us conclude that something wrong happens with that collection (generally or the image, or the quality or time of arrival or quantities supplied, etc.). The only difference was in jewellery, that Eastern Europe sold 6% less during studied period and handbags that Portugal sold 1% less.

5. Conclusion

The globalization creates both opportunities and difficulties for international companies. For achieving economies of scale, the better option is the product standardization policy, but with the weakness of, possibly, not satisfying the customers in a cultural different country. Every company needs to understand whether socio-cultural factors, which are not so obvious and easy to analyse, are important and require changes on international marketing strategy, regarding the physical product it sells in distinct foreign markets.

The main goal of this study was to understand what kind of adaptations can be required on product, what socio-cultural variables can affect the decision of adaptation, what is the weight of each variable in the decision of adaptation and how does the adaptation impact on product and firm performance. Using the case of Parfois, we show which physical product characteristics and attributes suffered changes and which socio-cultural factors are responsible for these changes as well as their weight on the adaptations done.

We analyse, as well, the motivation of the company in its choice of international marketing strategy. Parfois act within Adaptation-Standardization continuum, where standardization strategy is adopted in order to provide customer with consistent product image and quality, impeccable services and, therefore, consistent brand image and adaptations are done in order to satisfy client, gain customers loyalty, gaining bigger market share by offering product that satisfies specific needs of chosen segments of customers. Certain dynamics, in the process of adaptation, exist. First of all, the company acquired more knowledge and commitment in the markets in research (Middle East and Eastern Europe) and only then he reviewed its international marketing strategy from complete standardization to partial adaptation. As we could see, the bigger difference between the home country (Portugal) and country of destination is that more adaptations are required and done.

For the Middle East region, the socio-cultural factor most influencing changes on product was religion, followed by tastes/preferences. The factor traditions/ideology by itself was not seen as very influencing. The less influential factors are climate and physiology with 8% and 10% of weight respectively.

The results for Eastern Europe differ from the Arab region, among socio-cultural factors, the less influencing on product adaptation is religion and the more influential are tastes and preferences with 44% of weight, followed by socio-economical factor and climate. The most

modified product characteristic is composition/materials, followed by functionality/shape and colour. The less modified characteristics were size and design.

In both regions the main adaptations were made in form of line extensions, where colours, materials, shapes and features were added or removed.

As for the implications of adaptations done on the product's and company's performance, taking into account that these adaptations were ended recently and only one period of time for each group of countries could be analysed, any clear conclusions on the performance could not be done without further study of this subject on the consecutive periods. But if we ignore all other factors, generally speaking, the success rate of the adapted product in both studied regions has increased.

The further attention and research on this subject would help the company to make all the necessary steps towards revision of actual international marketing strategy.

The main limitations of this study were that it focuses only on the product, as part of *marketing mix*; it has a limited sample of one company, one industry and as it was the single case study, any generalization cannot be done. Moreover, terminology and concepts used are very abstract, involve personal understanding and subjective opinion about them, which is difficult to be measured.

As for the future possible researches in this direction, the theme could be expanded to other industries, other *marketing mix* elements and/or other geographic zones. The implication on the performance could be studied more deeply, taking into account other influential factors.

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Appendix

Questionnaire:

1. *What market do you manage?*
2. *Do you have any previous professional or personal link with the country you manage?*
3. *How long do you manage this market (since when)?*
4. *Have any changes in physical product been introduced specifically for the market you manage? (If the answer is negative, don't continue answering the questionnaire and thank you for your time!)*
5. *In what market these changes were introduced?*
6. *What did the adaptation consist in?*
 - *Modification in physical attributes of the product*
 - *Creating of new product*
 - *Line extension*
7. *What was the range of product that suffered modifications?*
 - *Textiles*
 - *Umbrellas*
 - *Belts*
 - *Watches*
 - *Hair articles*
 - *Footwear*
 - *Handbags*
 - *Jewelry*

What specific product from this range was modified?
8. *What physical attributes in this product were changed*
 - *Quality*
 - *Taste*
 - *Smell*
 - *Texture*
 - *Options*
 - *Physical design*
 - *Physical features*
 - *Labeling*
 - *Service attributes*
 - *Warranty offered*
 - *Packaging*
 - *Brand name*
 - *Colour*
 - *Size*
 - *Shape*
 - *Style*
 - *Country of origin*
 - *Image*
 - *Materials*
 - *Durability*
 - *Performance usage pattern*
 - *Weight*

9. *What was the cultural and social factor from the list that required that modification?*

- *Language*
- *Religion*
- *Needs*
- *Habits*
- *Preferences*
- *Moral beliefs*
- *Race*
- *Topography*
- *Occupations*
- *Disposable income*
- *Taxation*
- *Nationalism*
- *Institutions (education, attitudes, social organization)*
- *Material culture (proximity, technology, aesthetics, material possessions)*
- *Symbolic culture (religion, customs and traditions, climate)*

10. *Explain how each of the dimensions specified in the point 9 requested those changes?*

11. *Were these modifications issued by you?*

12. *If not, by whom?*

13. *Were these changes introduced simultaneously or gradually?*

14. *What was the motivation for introduction of adaptation?*